



At Madoff Hearing, Klein Calls for Common-Sense Financial Statements

Washington, D.C. – At today's hearing of the Capital Markets Subcommittee of the House Financial Services Committee, Congressman Ron Klein (FL-22) submitted an opening statement calling for all financial statements to be written in plain, straightforward language to allow every investor to "invest with confidence."

The hearing, titled "Assessing the Madoff Ponzi Scheme and Regulatory Failures," addressed the causes of the Bernard Madoff scheme. Klein highlighted the widespread impact of this scheme on South Florida, from individuals who lost their savings to charitable foundations who were forced to close their doors.

The full statement follows.

Statement of Congressman Ron Klein (FL-22) Capital Markets Subcommittee Hearing Assessing the Madoff Ponzi Scheme and Regulatory Failures February 4, 2009

Mr. Chairman, thank you for holding this important hearing to assess the Madoff Ponzi scheme and how regulatory failures played a role.

I have heard from countless people in South Florida who have lost most of their savings, couples who may lose their homes, seniors who don't know where they will turn to. There are foundations in my district who can no longer give generously to the community, and the community is surely suffering because of it.

I'm grateful for the work of Mr. Markopolos, the Madoff whistleblower, who has been working on this case for nine years, and is here to testify today. His research shines a bright light on the failures of the SEC at the highest level. It is absolutely unacceptable that he showed them red flags so many times, and he was ignored.

Now, Congress must address the way we got to this point in order to figure out where we need to be. One of the most common observations from Madoff victims is that they thought they were doing their due diligence by reading their statements. They thought that they were protecting themselves against fraud. They also thought that the government was looking out for them.

They didn't realize that they were left with investment statements that fooled the most sophisticated investor, not to mention the expert regulators.

We must make sure that every investor, no matter if they are financially sophisticated or a new investor, can read, in plain language, about their investments. Whether they are buying, holding or selling, investors should be able to know in simple English what is happening to their investments and the people who stand behind them. We must be able to level the playing field. This is increasingly more difficult in an era of modern and complicated financial instruments. But, it is our duty and there is no alternative. Laws must protect the investors and the SEC and other regulators must enforce the law.

Our responsibility is to make sure that the government has a role in fairness and oversight and that the government protects investors equally. I look forward to this Subcommittee's role in overhauling this regulatory system, and I hope that we can craft policies that will help restore trust in our system, the same system that makes us believe in the American dream. Investments help drive our economy, and people should be able to invest with confidence.

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